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ECONOMIC IMPLICATIONS IN THE PSYCHOLOGICAL DOCTRINE OF INTEREST

Economists have been drawing heavily upon psychological doctrine during the past decade, in the effort, says one, "to put human nature and human motives into our basic hypotheses."¹ The list of those most active in this respect includes the names of Taussig, Tead, Marot, Veblen. Parker has summarized their contributions in the article cited, and has outlined the prospects for future developments in this direction.

Upon reading their works, one would infer that these writers interpret the essence of "modern psychology" as a mixture of McDougall's theories of instinct and Freud's doctrine of suppressed desire. If they do not actually assert it, they imply that psychology has little else of value to the economist.

Psychologists deplore this absorption in two small bits and the neglect of the great bulk of psychological knowledge. Their chagrin is deepened by the fact that the two subjects chosen for exploitation are those concerning which, for lack of factual material, there is little but speculation. The psychology of instinct is a most precarious subject; there is scarcely any psychological theme concerning which there is so little settled expert opinion, and concerning which opinion is so loath to settle. The same objection holds respecting the Freudian hypothesis, a strayling which wanders forlornly about outside the orthodox psychological fold. These two doctrines, so complacently accepted as bases for economic theorizing, fall far short of constituting the essence of the "new psychology" and of representing effective starting-points for economic theorizing.

The writer does not mean to disparage attempts to utilize psychological facts in the realm of economics. Indeed, one who keeps his ear to the ground cannot fail to sense the tendencies toward unification of the two interests, and the influences pointing

¹C. H. Parker, "Motives in Economic Life," *American Economic Review*, VIII (March, 1918), 212-31.

toward imminent partnership. For this very reason it is necessary to avoid being blinded by the dramatic brilliancy of the McDougall and Freudian hypotheses. There are wide reaches of accredited psychological doctrine open to economic exploration. There are boundless potentialities for experimental psychology in investigating labor conditions, devising economical methods of production, lessening fatigue, determining methods of trade instruction, testing trade ability, measuring intellectual abilities—general and specific—developing statistical methods for treating personnel problems. All these products of the psychological laboratory constitute contributions to everyday living of immediate interest to the economist.

It is not our intention here to canvass all the opportunities for psycho-economizing, but to call attention to the inadequacy of the applications thus far attempted and to cite one application which, though neglected, is of vital significance for the solution of some pressing economic problems. It is the psychological doctrine of interest. We hasten to add that it has nothing to do with the economic concept of the same name. It is a psychological phenomenon, defined as: “the recognition of a thing which has been vitally connected with experience before—a thing recognized as old”; “impulse to attend”; “interest naturally arouses tendencies to act”; “the attitude of interest is not ‘What is it?’ or ‘Who goes there?’ but ‘What is to be done?’” In these different statements of interest there is not contradiction or confusion; merely an attempt to denote the many-sidedness of the phenomenon. The doctrine has been prominent since the time of Herbart, who regarded it as a play of “ideational forces,” the development of an “apperceptive mass.”¹ Herbart’s terminology may be *passé*, but the fact of interest still remains. It may be expressed in “behavioristic,” “objective,” or “dynamic” terms acceptable to the most captious of ultra-modernists without losing any of its pertinency. In common-sense, non-technical phraseology we might call it a mode of response to a stimulus, characterized by the recognition therein of old elements in a new setting, and by tendencies to attend.

¹ Johann F. Herbart, *Paedagogische Schriften*, hrsg. Bartholomaei Langensalka. 1887. 4. Aufl.; also Johann F. Herbart, *The Science of Education* (tr. Felkin; Boston: D. C. Heath & Co., 1895), pp. 122-99.

The root idea of the term seems to be that of being engaged, engrossed, or entirely taken up with some activity because of its recognized worth.

The etymology of the term *inter esse*, "to be between," points in the same direction. Interest marks the annihilation of the distance between the person and the materials and results of his action; it is the sign of their organic union.¹

It is easy to see that so common a form of behavior touches intimately all phases of practical living. Its importance in education has been thoroughly discussed by Herbart, James, and Dewey with great benefit to educational theory and practice. A little thoughtful consideration will reveal its equally intimate relation with economics.

The first point of application is the process of marketing. All persons who have analyzed the sale into its so-called psychological stages have recognized one of them to be the arousal of interest in the commodity. We cannot pause here long enough to develop this idea completely, but we may point out in passing one principle of exceedingly practical importance: *Interest in a thing may be developed by means of extending information about it.* Men who sell are undoubtedly dimly aware of this principle, for they are introducing into their selling campaigns with increasing frequency informational disquisitions about their goods. They describe the sources of the raw materials, processes of manufacture, ingenious methods of using the finished commodity, historical facts about the firm or its founders. These devices represent more or less conscious applications of our principle, and have grown apace with the increasing effectiveness of selling methods.

Leaving the unlimited possibilities of applying the doctrine of interest to marketing methods, let us pass on to other economic implications. One of the most perplexing problems now before the public is the relation between the worker and his job. Business executives ask, "How can we interest our men in their work so that they will work effectively and contentedly?" This is only one statement of a host of difficulties relating to industrial morale. It is practically and theoretically recognized that in order to secure the best possible results from a man we must interest him in what he is doing. James, with his penchant for expressing such ideas

¹ John Dewey, *Interest and Effort in Education* (Boston: D. C. Heath & Co., 1913), p. 17.

in racy terms, likens the situation to the lowly crap game. "The performances of a 'high' brain are like dice thrown forever upon a table. Unless they be loaded what chance is there that the highest number will turn up oftener than the lowest?"¹ In other words, if we wish to secure a high grade of work from our employees we must load them with interest in the firm and the product.

Perhaps it is pertinent at this point to inquire, Can the average employee become interested in a thing for which he has no spontaneous liking? Many business executives sigh a hopeless negative. The psychologist answers affirmatively. James goes so far as to assert:

Any object not interesting in itself may become interesting. . . . An adult man's interests are almost every one of them intensely artificial; they have been slowly built up. The objects of professional interest are most of them in their original nature repulsive; but by their connection with such natively exciting objects as one's personal fortune, one's social responsibilities and especially by the forces of inveterate habit, they grow to be the only things for which in middle life a man profoundly cares.²

So the business executive may take heart. This fluffy-pated salesgirl at the basement glove counter may, if properly aroused, become as thoroughly interested in the manufacture and sale of gloves as she is in the latest modes of hairdressing. That lackadaisical ledger clerk buried in the sporting page when he should be posting remittances may be transformed so that he will be equally interested in increasing the collections of the firm. The course for the employer to pursue is to start a campaign toward the development of interest on the part of the force. This may seem contrary to the doctrine of responsibility as usually stated. The employer insists that it is the duty of the employee to develop his interest voluntarily. But this is not a fair demand. It is incumbent upon the employer to offer stimulants to this interest. As business executives become aware of the magnificent human material just awaiting a galvanizing touch, they will begin to select certain bright young people and definitely woo their interests.

How to proceed is the practical problem. Let us consult our psychological prescription again. "Interest in a thing may be developed by extending information about it." In applying this

¹ William James, *Psychology* (New York: Henry Holt & Co., 1890), Vol. I, p. 140.

² William James, *Talks to Teachers* (New York: Henry Holt & Co., 1900), p. 98.

in industry one would tell the employees many things about the business, soaking them in facts to the point of saturation. For example, in a textile mill, every employee should be told the facts about the invention of the cotton gin, the life of Eli Whitney, the different stages in the invention of textile machinery, and the struggles of early inventors.

To inculcate a deep affection and loyalty toward the firm, give information about its beginnings and growth. One firm has prepared a history of the house including biographical sketches of the founders and of employees of long standing. This first appeared in consecutive issues of the house organ circulating among the employees, and was so effective that it was made into a booklet for presentation to each employee on his first day of employment. Another firm made its history impressive by presenting it dramatically at one of the regular "get-togethers" of the personnel.

In imparting this new information and making it interesting, one essential must be kept in mind. The new must always be stated in terms of the old. James cautions: "Begin with the line of . . . native interests, and offer . . . objects that have some immediate connection with these."¹ One old interest that will always serve is the money interest. In relating it to the interests of the firm the employer must show the employee that as he works to increase the profits of the firm he is augmenting his own earnings directly. The demonstration of this must be apparent, concrete, in terms of the pay envelope, and immediate. Its form will depend upon the system of bonus and profit-sharing in operation. Indeed, the practice of giving bonuses and shares in profits is in itself an application of our formula. Corporation baseball teams, bowling leagues, musical organizations, benefit associations, and the like have the same basis.

But to search out the interests of the employee and offer them expression is only the prelude. The new bookkeeper may be very zealous in playing on the departmental bowling team and still lack interest in the output of the firm. Our psychological mentor gives further advice:

Next, step by step, connect with these first objects and experiences, the later objects and ideas which you wish to instill. Associate the new with the

¹ William James, *Talks to Teachers*, p. 95.

old in some natural and telling way, so that the interest, being shed from point to point, finally suffuses the entire system of objects of thought.¹

This means that the institution must be so organized that a continuous stream of ideas will flow into the mind of each worker and mingle with the ideas already there. Some agency within the organization must be held responsible for this. If a corporation school is maintained for giving instruction in spelling, history, and the like, it may well give courses in industrial history and industrial biography. Or the welfare department, research bureau, or house-organ department may undertake the work. Its head will be a sort of "morale" officer, with duties frankly those of a press agent, to propagate information about the firm and its affairs among the employees.

There is still another principle that we may employ in developing the interest of employees. *Interest in an object may be developed by arousing motor activity in its behalf.* This principle is habitually employed by charitable institutions which choose as members of their boards of directors persons whose interest they desire to enlist. It is often demonstrated in business, when an employee who receives a promotion to new duties suddenly begins to take new interest in his work.

In concluding this application of interest to the maintenance of industrial morale we should note that not all the benefits accrue to the employer. In a well-ordered industrial society what benefits the employer benefits the worker. And not alone financially; the employee gains in all respects. For work done under the divine spur of interest affects him as work done without it never could. Without it man is a slave, a drudge; with it, a god, a creator. Touched by the galvanic spark of interest he sees new significations in his work; he relates his job to the stupendous forces driving the universe. As his vision enlarges, his appreciation of his own task deepens and he labors not as a prisoner, weighted down by ball and chain, but as a sculptor lovingly fashioning his masterpiece. The sculptor conceives and holds in his mind's eye an image of a completed work.² He realizes that to actualize it he must

¹ *Ibid.*, p. 96.

² Adapted from Dewey, *op. cit.*, p. 26.

go through a series of intervening steps, none of them equivalent to the end, and everyone of them demanding labor and patience on his part. But because he sees their relation to the end, he regards them as of great importance, and takes joy in doing them well. Each molding of the clay, each stroke of the chisel, receive his most painstaking care. All the interest attached to the end is attached to each step, which must be done right to produce a perfect whole. And so the accomplishment of each detail brings ineffable satisfaction, because it represents the end in process of realization.

The doctrine of interest has further significant applications in the movements known as vocational selection and vocational guidance. In order to select employees and to direct the energies of young people into profitable vocational channels we must know the nature of interest; the extent to which it may be innate and acquired; how to test it and develop it. The economic implications are unmistakable, but they must be neglected here for lack of space. The subject has been treated elsewhere at greater length.¹

To attempt to treat this subject exhaustively would unduly extend the length of this paper. Our purpose has been merely to call attention to the implications for economic theory and practice resident within the important psychological doctrine of interest. We have shown these in the processes of marketing, labor management, and vocational guidance.

By this illustrative treatment of a supposedly obscure psychological doctrine we hope that we have emphasized the fact that there are immense reservoirs of psychological theory and technology ready to be tapped by the economist. With the multiplication of workers from both fields who are interested in the solution of practical problems is bound to come clearer mutual understanding and more rapid progress toward the common goal.

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¹ H. D. Kitson, "Interest as a Criterion in Vocational Guidance," *Educational Review*, LII (November, 1916), 349-56.